

VILLAGE OF BROADVIEW

NOTES TO FINANCIAL STATEMENTS

April 30, 2010

NOTE I - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

C. MEASUREMENT FOCUS, BASIS OF ACCOUNTING, AND FINANCIAL STATEMENT PRESENTATION (cont.)

Fund Financial Statements

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recorded when they are both measurable and available. Available means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. For this purpose, the Village considers revenues to be available if they are collected within 60 days of the end of the current fiscal period except for state income taxes. State income taxes received after 60 days will be considered as available, as the State being greater than 60 days behind on payments for income taxes to local governments is considered to be a highly unusual circumstance. Expenditures are recorded when the related fund liability is incurred, except for unmatured interest on long-term debt, claims, judgments, compensated absences, and pension expenditures, which are recorded as a fund liability when expected to be paid with expendable available financial resources.

Property taxes are recorded in the year levied as receivables and deferred revenues. They are recognized as revenues in the succeeding year when services financed by the levy are being provided.

Intergovernmental aids and grants are recognized as revenues in the period the Village is entitled the resources and the amounts are available. Amounts owed to the Village which are not available are recorded as receivables and deferred revenues. Amounts received prior to the entitlement period are also recorded as deferred revenues.

Revenues susceptible to accrual include property taxes, miscellaneous taxes, public charges for services, special assessments and interest. Other general revenues such as fines and forfeitures, inspection fees, recreation fees, and miscellaneous revenues are recognized when received in cash or when measurable and available under the criteria described above.

The Village reports deferred revenues on its governmental funds balance sheet. Deferred revenues arise from taxes levied in the current year which are for subsequent year's operations. For governmental fund financial statements, deferred revenues arise when a potential revenue does not meet both the "measurable" and "available" criteria for recognition in the current period. Deferred revenues also arise when resources are received before the Village has a legal claim to them, as when grant monies are received prior to the incurrence of qualifying expenditures. In subsequent periods, when both revenue recognition criteria are met, or when the Village has a legal claim to the resources, the liability for deferred revenue is removed from the balance sheet and revenue is recognized.

Proprietary and fiduciary fund financial statements (other than agency funds) are reported using the economic resources measurement focus and the accrual basis of accounting, as described previously in this note. Agency funds follow the accrual basis of accounting, and do not have a measurement focus.

VILLAGE OF BROADVIEW

NOTES TO FINANCIAL STATEMENTS

April 30, 2010

NOTE I - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

C. MEASUREMENT FOCUS, BASIS OF ACCOUNTING, AND FINANCIAL STATEMENT PRESENTATION (cont.)

Fund Financial Statements (cont.)

The enterprise fund follows all pronouncements of the Governmental Accounting Standards Board, and has elected not to follow Financial Accounting Standards Board pronouncements issued after November 30, 1989. The proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the Water and Sewerage Fund are charges to customers for sales and services. Special assessments are recorded as receivables and contribution revenue when levied. Operating expenses for proprietary funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

All Financial Statements

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures/expenses during the reporting period. Actual results could differ from those estimates.

D. ASSETS, LIABILITIES, AND NET ASSETS OR EQUITY

1. Deposits and Investments

For purposes of the statement of cash flows, the Village considers all highly liquid investments with an initial maturity of three months or less when acquired to be cash equivalents.

Illinois Statutes authorize the Village to make deposits/investments in insured commercial banks, savings and loan institutions, obligations of the U.S. Treasury and U.S. Agencies, insured credit union shares, money market mutual funds with portfolios of securities issued or guaranteed by the United States or agreement to repurchase these same obligations, repurchase agreements, short-term commercial paper rated within the three highest classifications by at least two standard rating services, and the Illinois Funds Investment Pool.

Pension funds may also invest in certain non-U.S. obligations, Illinois municipal corporations tax anticipation warrants, veteran's loans, obligations of the State of Illinois and its political subdivisions, and the Illinois insurance company general and separate accounts, mutual funds and equity securities. The police pension fund's investment policy allows investments in all of the above listed accounts, but does exclude any repurchase agreements. The firefighters' pension fund allows funds to be invested in any type of security authorized by the Illinois Pension Code.

VILLAGE OF BROADVIEW

NOTES TO FINANCIAL STATEMENTS April 30, 2010

NOTE I - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

D. ASSETS, LIABILITIES, AND NET ASSETS OR EQUITY (cont.)

1. Deposits and Investments (cont.)

Additional restrictions may arise from local charters, ordinances, resolutions and grant resolutions.

Certain deposits of the 22nd and 17th Avenue Tax Increment Financing District are classified as restricted assets because their use is restricted based on the Redevelopment agreement for the Tax Increment Financing District.

The Village has adopted an investment policy. That policy follows the state statute for allowable investments.

Interest Rate Risk

The Village's formal investment policy states the portfolio should provide a comparable rate of return during a market / economic environment of stable interest rates. Portfolio performance should be compared to benchmarks with similar maturity, liquidity and credit quality as the portfolio. The Village set an investment bank's 1-3 year Governmental Bond Index as its initial benchmark. Unless matched to a specific cash flow, the Village will not directly invest in securities maturing more than two years from the date of purchase. Reserve funds may be invested in securities exceeding two years if the maturity of such investments are made to coincide as nearly as practicable with the expected use of the funds.

The Pensions' investment policies seek to ensure preservation of capital in the overall portfolio. Return on investment is of secondary importance to safety of principal and liquidity. The Police Pension's investment policy limits its exposure to interest rate risk by structuring the portfolio to provide liquidity while at the same time matching investment maturities to projected fund liabilities. The Firefighters' Pension's policy does not limit investment maturities except as part of statutory requirements, as a means of managing its exposure to fair value losses arising from increasing interest rates. Over a full business cycle (3-5 years) it is the goal of the Firefighters' Pension to get a return on investments that meets or exceeds the rate of 8%. The portfolio will be managed with an average duration ranging from one to ten years. However, all of the policies require the Village's and pensions' investment portfolios to be sufficiently liquid to enable the Village and pensions to meet all operating requirements as they come due.

VILLAGE OF BROADVIEW

NOTES TO FINANCIAL STATEMENTS

April 30, 2010

NOTE I - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

D. ASSETS, LIABILITIES, AND NET ASSETS OR EQUITY (cont.)

1. Deposits and Investments (cont.)

Credit Risk

State Statutes limit the investments in commercial paper to the top three ratings of two nationally recognized statistical rating organizations (NRSRO's). The Village's and pension's investment policies authorize investments in any type of security allowed for in Illinois statutes regarding the investment of public funds. As of April 30, 2010, all of the Village's applicable other investments had either "AAA" or "A-1+" ratings with their applicable rating agency. The Police Pension's investment policy prescribes to the "prudent person" rule, which states, "Investments shall be made with judgment and care, under circumstances then prevailing, which persons of prudence, discretion, and intelligence exercise in the management of their own affairs, not for speculation, but for investment, considering the primary objective of safety as well as the secondary objective of the attainment of market rates of return." The Police Pension Fund's investments in the securities of U.S. government agencies were all rated triple A by Standard & Poor's or by Moody's Investors Services, except for two issues that were unrated. Unrated investments were Federal National Mortgage Association \$3,129 par value, 6% interest rate maturing April 1, 2011, and Federal National Mortgage Association \$80,862 par value, 6% interest rate maturing May 1, 2024.

Concentration of Credit Risk

The Village's and pensions' investment policies require diversification of the investment portfolio to minimize risk of loss resulting from over-concentration in a particular type of security, risk factor, issuer, or maturity.

The Police Pension does not have a formal written policy with regards to concentration credit risk for investments. At April 30, 2010, the Police Pension Fund has over 5% of net plan assets invested in various agency securities as indicated in the table in Note III A. Agency investments represent a large portion of the portfolio; however, the investments are diversified by maturity date and as mentioned earlier are backed by the issuing organization. Although unlike Treasuries, agency securities do not have the "full faith and credit" backing of the U.S. Government, they are considered to have a moral obligation of implicit backing and are supported by Treasury lines of credit and increasingly stringent federal regulation.

The Police Pension Fund's investment policy has a stated preferred target that 60 percent of its portfolio be in fixed income securities, 30 percent target in equities with the remaining 10 percent cash and equivalents.

The Firefighter's investment policy has a preferred target that not less than 55 percent of its portfolio be in fixed income securities and up to 45 percent may be invested in qualified equity securities.

VILLAGE OF BROADVIEW

NOTES TO FINANCIAL STATEMENTS

April 30, 2010

NOTE I - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

D. ASSETS, LIABILITIES, AND NET ASSETS OR EQUITY (cont.)

1. Deposits and Investments (cont.)

Custodial Credit Risk - Deposits

With respect to deposits, custodial credit risk refers to the risk that, in the event of a bank failure, the government's deposits may not be returned to it. The Village's investment policy limits the exposure to deposit custodial credit risk by requiring all deposits in excess of FDIC insurable limits to be secured with collateralization pledged by the applicable financial institution held at an independent - third party institution in the name of the municipality.

Custodial Credit Risk - Investments

With respect to investments, custodial credit risk is the risk that, in the event of the failure of the counterparty, the government will not be able to recover the value of its investment or collateral securities that are in the possession of an outside party. The Village's investment policy requires all securities to be held by a third party custodian designated by the Treasurer and evidenced by safekeeping receipts. The firefighters' pension's investment policy requires all investments to be registered in the name of the fund, however, it does not specifically address these risks.

Investments are stated at fair value, which is the amount at which an investment could be exchanged in a current transaction between willing parties. Fair values are based on quoted market prices. No investments are reported at amortized cost. Adjustments necessary to record investments at fair value are recorded in the operating statement as increases or decreases in investment income. Investment income on commingled investments of municipal accounting funds is allocated based on average balances. The difference between the bank statement balance and carrying value is due to outstanding checks and/or deposits in transit.

Illinois Funds is an investment pool managed by the State of Illinois, Office of the Treasurer, which allows governments within the State to pool their funds for investment purposes. Illinois Funds is not registered with the SEC as an investment company, but does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Investments in Illinois Funds are valued at Illinois Fund's share price, the price for which the investments could be sold.

Illinois Metropolitan Investment Fund (IMET) is an investment pool managed by its Board of Trustees, which allows governments within the State to pool their funds for investment purposes. IMET is not registered with the SEC as investment company, but does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. It is subject to the State of Illinois' regulations. Investments in IMET are valued at IMET's share price, the price for which the investments could be sold.

See Note III. A. for further information.

VILLAGE OF BROADVIEW

NOTES TO FINANCIAL STATEMENTS

April 30, 2010

NOTE I - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

D. ASSETS, LIABILITIES, AND NET ASSETS OR EQUITY (cont.)

2. Receivables

Property taxes for levy year 2009 attaches as an enforceable lien on January 1, 2009, on property values assessed as of the same date. Taxes are levied by December following the lien date (by passage of a Tax Levy Ordinance). The tax levy, which attached as an enforceable lien on the property as of January 1, , has not been recorded as a receivable as of April 30, 2010, as the tax has not yet been levied by the Village and will not be levied until December , and therefore, the levy is not measurable at April 30, 2010.

Tax bills for levy years (although in recent years the issuance has been significantly delayed) are prepared by Cook County and issued on or about March 1, and September 1, and are payable in two installments, on or about April 1, and October 1, or within 30 days of the tax bills being issued.

The county collects such taxes and remits them periodically. The 2009 property tax levy is recognized as a receivable and deferral in fiscal 2010, net the allowance for uncollectible. As the taxes become available to finance current expenditures, they are recognized as revenues. At April 30, 2010, the property taxes receivable and deferred tax revenue consisted of the estimated amount collectible from the 2009 levy.

All trade and property tax receivables are shown net of an allowance for uncollectibles. Trade accounts receivable in excess of 180 days (\$36,404) comprise the trade accounts receivable allowance for uncollectibles. The property tax receivable allowance is equal to 1 percent (\$103,177) of outstanding property taxes at April 30, 2010. Other accounts receivable is shown net at \$117,583 for uncollectibles.

During the course of operations, transactions occur between individual funds that may result in amounts owed between funds. Short-term interfund loans are reported as "due to and from other funds." Long-term interfund loans (noncurrent portion) are reported as "advances from and to other funds." Interfund receivables and payables between funds within governmental activities are eliminated in the statement of net assets. Any residual balances outstanding between the governmental activities and business-type activities are reported in the governmental-wide financial statements as internal balances.

In the governmental fund financial statements, advances to other funds are offset equally by a fund balance reserve account which indicates that they do not constitute expendable available financial resources and, therefore, are not available for appropriation.

3. Prepaid Items

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements.

VILLAGE OF BROADVIEW

NOTES TO FINANCIAL STATEMENTS

April 30, 2010

NOTE I - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

D. ASSETS, LIABILITIES, AND NET ASSETS OR EQUITY (cont.)

4. Restricted Assets

Mandatory segregations of assets are presented as restricted assets. Such segregations are required by bond agreements and other external parties. Current liabilities payable from these restricted assets are so classified. The excess of restricted assets over current liabilities payable from restricted assets will be used first for retirement of related long-term debt. The remainder, if generated from earnings, is shown as restricted net assets.

5. Capital Assets

Government-Wide Statements

Capital assets, which include property, plant and equipment, are reported in the government-wide financial statements. Capital assets are defined by the government as assets with an initial cost of more than \$1,500 for general capital assets and \$1,500 for infrastructure assets, and an estimated useful life in excess of 1 year. All capital assets are valued at historical cost, or estimated historical cost if actual amounts are unavailable. Donated capital assets are recorded at their estimated fair value at the date of donation.

Additions to and replacements of capital assets of business-type activities are recorded at original cost, which includes material, labor, overhead, and an allowance for the cost of funds used during construction when significant. For tax-exempt debt, the amount of interest capitalized equals the interest expense incurred during construction netted against any interest revenue from temporary investment of borrowed fund proceeds. No interest was capitalized during the current year. The cost of renewals and betterments relating to retirement units is added to plant accounts. The cost of property replaced, retired or otherwise disposed of, is deducted from plant accounts and, generally, together with removal costs less salvage, is charged to accumulated depreciation.

Depreciation of all exhaustible capital assets is recorded as an allocated expense in the statement of activities, with accumulated depreciation reflected in the statement of net assets. Depreciation is provided over the assets' estimated useful lives using the straight-line method of depreciation. The range of estimated useful lives by type of asset is as follows:

Buildings	50 Years
Land Improvements	20 Years
Machinery and Equipment	5-20 Years
Infrastructure	20-50 Years

Fund Financial Statements

In the fund financial statements, capital assets used in governmental fund operations are accounted for as capital outlay expenditures of the governmental fund upon acquisition. Capital assets used in proprietary fund operations are accounted for the same way as in the government-wide statements.

VILLAGE OF BROADVIEW

NOTES TO FINANCIAL STATEMENTS

April 30, 2010

NOTE I - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

D. ASSETS, LIABILITIES, AND NET ASSETS OR EQUITY (cont.)

6. *Compensated Absences*

Under terms of employment, employees are granted sick leave and vacations in varying amounts. Only benefits considered to be vested are disclosed in these statements.

All vested vacation and sick leave pay is accrued when incurred in the government-wide and proprietary fund financial statements. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations and retirements, and are payable with expendable resources.

7. *Long-Term Obligations/Conduit Debt*

All long-term obligations to be repaid from governmental and business-type resources are reported as liabilities in the government-wide statements. The long-term obligations consist primarily of notes and bonds payable and accrued compensated absences.

Long-term obligations for governmental funds are not reported as liabilities in the fund financial statements. The face value of debts (plus any premiums) are reported as other financing sources and payments of principal and interest are reported as expenditures. The accounting in proprietary funds is the same as it is in the government-wide statements.

For the government-wide statements and proprietary fund statements, bond premiums and discounts are deferred and amortized over the life of the issue using the effective interest method. Gains or losses on prior refundings are amortized over the remaining life of the old debt, or the life of the new debt, whichever is shorter. The balance at year end for both premiums/discounts and gains/losses, as applicable, is shown as an increase or decrease in the liability section of the statement of net assets.

8. *Claims and Judgments*

Claims and judgments are recorded as liabilities if all the conditions of Governmental Accounting Standards Board pronouncements are met. Claims and judgments that would normally be liquidated with expendable available financial resources are recorded during the year as expenditures in the governmental funds. If they are not to be liquidated with expendable available financial resources, no liability is recognized in the governmental fund statements. The related expenditure is recognized when the liability is liquidated. Claims and judgments are recorded in the government-wide statements and proprietary funds as expenses when the related liabilities are incurred. There were no significant claims or judgments at year end.

VILLAGE OF BROADVIEW

NOTES TO FINANCIAL STATEMENTS

April 30, 2010

NOTE I - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

D. ASSETS, LIABILITIES, AND NET ASSETS OR EQUITY (cont.)

9. Equity Classifications

Government-Wide Statements

Equity is classified as net assets and displayed in three components:

- a. Invested in capital assets, net of related debt - Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances (excluding unspent debt proceeds) of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
- b. Restricted net assets - Consists of net assets with constraints placed on their use either by 1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments or, 2) law through constitutional provisions or enabling legislation.
- c. Unrestricted net assets - All other net assets that do not meet the definitions of "restricted" or "invested in capital assets, net of related debt."

When both restricted and unrestricted resources are available for use, it is the Village's policy to use restricted resources first, then unrestricted resources as they are needed.

Fund Statements

Governmental fund equity is classified as fund balance. Fund balance is further classified as reserved and unreserved. Reserved fund balance is that portion of fund balance that is not available for the subsequent year's budget due to legal restrictions or resources which are not available for current spending. Unreserved fund balance includes funds set aside by management for specific uses, which are labeled "designated". The balance of unreserved fund balance is labeled "undesignated", which indicates it is available for appropriation. Proprietary fund equity is classified the same as in the government-wide statements.

10. Property Held for Resale

The Village's property held for resale includes land that is being held for sale for future development of the Village.

VILLAGE OF BROADVIEW

NOTES TO FINANCIAL STATEMENTS

April 30, 2010

NOTE II - STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

A. BUDGETARY INFORMATION

Annual budgets are adopted on a basis consistent with generally accepted accounting principles for all governmental funds. Budget amounts are as originally adopted by the Board of Trustees. All annual appropriations lapse at fiscal year end.

Prior to April 30, the Village finance director submits to the Village Board a proposed operating budget for the fiscal year commencing May 1. The operating budget includes proposed expenditures and the means of financing them. Public hearings are conducted to obtain taxpayer comments. Prior to July 31, the budget is legally enacted through passage of an ordinance. Formal budgetary integration is employed as a management control device during the year of the general fund and special revenue funds.

The Village is authorized to change budgeted amounts within any fund; however, revision must be approved by two-thirds of the members of the Village Board. No revisions can be made increasing the budget unless funding is available for the purpose of the revision. The legal level of budgetary control (i.e., the level at which expenditures may not legally exceed appropriations) is the fund level. The appropriated budget is prepared by fund, function, and department. The Village finance director is authorized to transfer budget amounts between department within any fund; however, the Village Board must approve revisions that alter the total expenditures of any fund.

B. EXCESS EXPENDITURES OVER APPROPRIATIONS

<u>Funds</u>	<u>Budgeted Expenditures</u>	<u>Actual Expenditures</u>	<u>Excess Expenditures Over Budget</u>
General	\$ 11,080,822	\$ 11,659,831	\$ 579,009
Roosevelt Road TIF	23,500	31,768	8,268
Debt Service	1,957,568	1,960,711	3,143
Garbage	423,150	438,820	15,670
Capital Projects	53,000	65,381	12,381

The Village controls expenditures at the department level. Some individual departments experienced expenditures which exceeded appropriations. The detail of those items can be found in the Village's year-end budget to actual report.

VILLAGE OF BROADVIEW

NOTES TO FINANCIAL STATEMENTS

April 30, 2010

NOTE II - STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY (cont.)

C. DEFICIT BALANCES

Generally accepted accounting principles require disclosure of individual funds that have deficit balances at year end.

As of April 30, 2010, the following individual funds held a deficit balance:

<u>Fund</u>	<u>Amount</u>	<u>Reason</u>
General	\$ 2,885,223	Prior operating expenditures exceeded available revenues or financing
Community Development Block Grant	18,153	Operating expenditures exceeded available revenues or financing
17th Avenue North TIF Redevelopment	49,303	Operating expenditures exceeded available revenues or financing
17th Avenue South TIF Redevelopment	72,587	Operating expenditures exceeded available revenues or financing

TIF district deficits are anticipated to be funded with future incremental taxes levied over the life of the districts, which is 23 years. General fund is anticipated to be funded with future contributions, general tax revenues, or long-term borrowing. The Community Development Block Grant deficit will be funded by future grant awards.

VILLAGE OF BROADVIEW

NOTES TO FINANCIAL STATEMENTS

April 30, 2010

NOTE III - DETAILED NOTES ON ALL FUNDS

A. DEPOSITS AND INVESTMENTS

The Village's deposits and investments at year end were comprised of the following:

	Carrying Value	Statement Balances	Associated Risks
Cash on hand	\$ 2,150	\$ -	N/A
Deposits with financial institutions	10,390,790	10,368,242	Interest rate risk; Custodial Credit Risk - Deposits
Other investments	<u>49,495,142</u>	<u>49,494,952</u>	Interest rate risk; Credit risk; Concentration of credit risk; Custodial Credit Risk - Investments
Total Deposits and Investments	<u>\$ 59,888,082</u>	<u>\$ 59,863,194</u>	

Reconciliation to financial statements

Per statement of net assets

Unrestricted cash and investments	\$ 11,186,597
Restricted cash and investments	13,119,946

Per statement of net assets- fiduciary funds

Pension - Cash	877,945
Pension - Money markets	419,264
Pension - State and local obligations	1,054,195
Pension - U.S. Government securities	17,659,191
Pension - Mutual funds	13,948,768
Pension - Stocks	1,607,626
Agency	<u>14,550</u>

Total Deposits and Investments	<u>\$ 59,888,082</u>
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Deposits in each local and area bank are insured by the FDIC in the amount of \$250,000 for interest bearing accounts and unlimited amounts for noninterest bearing accounts.

Custodial Credit Risk

Deposits

Custodial credit risk is the risk that in the event of a financial institution failure, the Village's deposits may not be returned to the Village.

VILLAGE OF BROADVIEW

NOTES TO FINANCIAL STATEMENTS April 30, 2010

NOTE III - DETAILED NOTES ON ALL FUNDS (cont.)

A. DEPOSITS AND INVESTMENTS (cont.)

Custodial Credit Risk (cont.)

Deposits (cont.)

As of April 30, 2010, \$222,600 of the Village's total bank balances were exposed to custodial credit risk as follows:

Uninsured and uncollateralized	\$ <u>222,600</u>
Total	\$ <u><u>222,600</u></u>

Investments

For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the Village will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party.

The Village does not have any investments exposed to custodial credit risk.

Credit Risk

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations.

The Village held investments in the following external pools which are not rated:

Illinois Funds
IMET

Concentration of Credit Risk

Concentration of credit risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer.

VILLAGE OF BROADVIEW

NOTES TO FINANCIAL STATEMENTS

April 30, 2010

NOTE III - DETAILED NOTES ON ALL FUNDS (cont.)

A. DEPOSITS AND INVESTMENTS (cont.)

Concentration of Credit Risk (cont.)

At April 30, 2010, equity investments of the Police Pension Fund represented 46% of total assets. The Police Pension Board has diversified its equity mutual fund holdings as follows:

LSV Value Equity Fund - \$2,217,041
Vanguard 500 Index Fund - \$1,542,868
T Rowe Price Growth Fund - \$1,538,570
Baron Small Cap Institutional Fund - \$706,383
IShares TR Cohen & Steers Realty Major Index Fund - \$444,868
RS Global Natural Resources Fund - \$437,536
Royce Total Return Fund - \$356,826
Royce Total Return Institutional Fund - \$316,826
UMB Scout International Fund - \$265,620
Bridgeway Ultra Small Company Market Fund - \$191,998
FBR Focus Fund - \$187,628
Lazard Emerging Markets Portfolio Fund - \$139,511
First Eagle Overseas Fund - \$136,365
Vanguard International Value Fund - \$132,138

At April 30, 2010, the investment portfolio was concentrated as follows:

Issuer	Investment Type	Percentage of Portfolio
Police Pension		
LSV Value Equity Fund	Mutual Funds	11.75%
Vanguard 500 Index Fund	Mutual Funds	8.18%
T. Rowe Price Growth Stock Fund	Mutual Funds	8.16%
Firefighters' Pension		
U.S. Government Agency	Federal Farm Credit Bank	8.25%
U.S. Government Agency	Federal Home Loan Bank	9.54%
U.S. Government Agency	Federal National Mortgage Association Notes	10.15%

VILLAGE OF BROADVIEW

NOTES TO FINANCIAL STATEMENTS April 30, 2010

NOTE III - DETAILED NOTES ON ALL FUNDS (cont.)

A. DEPOSITS AND INVESTMENTS (cont.)

Interest Rate Risk

Interest rate risk is the risk that changes in interest rates will adversely affect the value of an investment.

As of April 30, 2010, the primary government investments were as follows:

Investment Type	Maturity (In Years)	
	Fair Value	Less than 5 Years
Money Market Mutual Funds	\$ 13,599,193	\$ 13,599,193
Illinois Funds	42,427	42,427
Illinois Metropolitan Investment Fund	82,656	82,656
U.S. Treasury Notes	<u>864,581</u>	<u>864,581</u>
Totals	<u>\$ 14,588,857</u>	<u>\$ 14,588,857</u>

Firefighters' Pension Fund:

Investment Type	Maturity (In Years)			
	Fair Value	Less than 5	5-10	More than 10
Money Market Mutual Funds	\$ 217,241	\$ 217,241	\$ -	\$ -
Federal Home Loan Bank	1,614,372	1,201,044	413,328	-
Federal Farm Credit Bank	1,396,311	1,396,311	-	-
Federal Home Loan Mortgage Corporation REMIC	100,656	-	100,656	-
Federal National Mortgage Association Pool	613,253	80,506	543,747	-
Federal National Mortgage Association	1,717,352	1,456,280	261,072	-
Government National Mortgage Association	3,054,969	-	418,896	2,636,073
U.S. Treasury Notes	<u>521,398</u>	<u>-</u>	<u>-</u>	<u>521,398</u>
Totals	<u>\$ 9,235,552</u>	<u>\$ 4,351,382</u>	<u>\$ 1,737,699</u>	<u>\$ 3,157,471</u>

VILLAGE OF BROADVIEW

NOTES TO FINANCIAL STATEMENTS

April 30, 2010

NOTE III - DETAILED NOTES ON ALL FUNDS (cont.)

A. DEPOSITS AND INVESTMENTS (cont.)

Interest Rate Risk (cont.)

Police Pension Fund:

Investment Type	Maturity (In Years)				
	Fair Value	Less than 1	1-5	6-10	More Than 10
State & Local Obligations	\$ 1,054,195	\$ -	\$ 256,732	\$ 697,981	\$ 99,482
U.S. Treasury Notes	2,021,675	-	1,065,991	955,684	-
U.S. Treasury Strips	676,406	-	676,406	-	-
Governmental National Mortgage Association	94,534	-	-	92,173	2,361
Federal Farm Credit Bank	1,993,426	-	909,489	1,083,937	-
Federal Home Loan Bank	3,554,684	813,757	1,130,199	804,748	805,980
Federal National Mortgage Association	300,155	3,184	209,868	-	87,103
Money Market Mutual Funds	419,264	419,264	-	-	-
Totals	<u>\$ 10,114,339</u>	<u>\$ 1,236,205</u>	<u>\$ 4,248,685</u>	<u>\$ 3,634,523</u>	<u>\$ 994,926</u>

See Note I.D.1. for further information on deposit and investment policies.

VILLAGE OF BROADVIEW

NOTES TO FINANCIAL STATEMENTS

April 30, 2010

NOTE III - DETAILED NOTES ON ALL FUNDS (cont.)

B. RECEIVABLES

Receivables as of year end for the government's individual major funds and nonmajor and fiduciary funds in the aggregate, including the applicable allowances for uncollectible accounts, are as follows:

	General Fund	27th / 17th TIF Redevelopment	Roosevelt Road TIF	Debt Service	Water and Sewerage	Nonmajor and Other Funds	Totals
Receivables							
Property taxes	\$ 2,314,359	\$ 1,785,205	\$ 568,580	\$ 401,467	\$ -	\$ 158,968	\$ 5,228,579
Replacement taxes	77,494	-	-	-	-	-	77,494
Income taxes	309,780	-	-	-	-	-	309,780
Local use taxes	24,724	-	-	-	-	-	24,724
Sales taxes	785,779	-	-	-	-	-	785,779
Utility taxes	305,314	-	-	-	-	-	305,314
Business licenses	6,955	-	-	-	-	-	6,955
Fire protection	155,083	-	-	-	-	-	155,083
Ambulance billings	168,349	-	-	-	-	-	168,349
Motor fuel taxes	-	-	-	-	-	17,926	17,926
Other	68,708	-	-	-	-	-	68,708
Accounts	-	-	-	-	199,132	50,750	249,882
Gross receivables	4,216,545	1,785,205	568,580	401,467	199,132	227,644	7,398,573
Less: Allowance for uncollectibles	(158,868)	(39,671)	(9,864)	(8,998)	(36,404)	(3,359)	(257,164)
Net Total Receivables	\$ 4,057,677	\$ 1,745,534	\$ 558,716	\$ 392,469	\$ 162,728	\$ 224,285	\$ 7,141,409

All of the receivables on the balance sheet are expected to be collected within one year.

Governmental funds report *deferred revenue* in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. Property taxes levied for the subsequent year are not earned and cannot be used to liquidate liabilities of the current period. Governmental funds also defer revenue recognition in connection with resources that have been received, but not yet earned. At the end of the current fiscal year, the various components of *deferred revenue* and *unearned revenue* reported in the governmental funds were as follows:

	Unavailable	Unearned	Totals
Property taxes receivable for subsequent year	\$ -	\$ 5,054,185	\$ 5,054,185
Sales taxes receivable	271,640	-	271,640
Local use taxes receivable	8,318	-	8,318
Simplified telecommunication tax	39,569	-	39,569
Utility taxes	26,062	-	26,062
State income tax	81,670	-	81,670
Total Deferred/Unearned Revenue for Governmental Funds	\$ 427,259	\$ 5,054,185	\$ 5,481,444

VILLAGE OF BROADVIEW

NOTES TO FINANCIAL STATEMENTS April 30, 2010

NOTE III - DETAILED NOTES ON ALL FUNDS (cont.)

B. RECEIVABLES (cont.)

Under the accrual method deferred revenue is recognized as revenue in the period earned. An exception in Illinois is real estate taxes, whereby the intent of the village is to finance the following year's operations with those monies. Therefore, these amounts will remain deferred revenue or unearned for the government-wide statements.

C. CAPITAL ASSETS

Capital asset activity for the year ended April 30, 2010, was as follows:

	Beginning Balance	Additions	Deletions	Ending Balance
Governmental Activities				
Capital assets not being depreciated				
Land	\$ 1,491,927	\$ -	\$ -	\$ 1,491,927
Total Capital Assets Not Being Depreciated	<u>1,491,927</u>	<u>-</u>	<u>-</u>	<u>1,491,927</u>
Capital assets being depreciated				
Buildings	4,070,000	-	-	4,070,000
Vehicles	3,251,499	-	21,133	3,230,366
Equipment	887,701	33,448	-	921,149
Infrastructure	8,346,934	87,000	-	8,433,934
Total Capital Assets Being Depreciated	<u>16,556,134</u>	<u>120,448</u>	<u>21,133</u>	<u>16,655,449</u>
Total Capital Assets	<u>18,048,061</u>	<u>120,448</u>	<u>21,133</u>	<u>18,147,376</u>
Less: Accumulated depreciation for				
Buildings	(1,798,500)	(81,400)	-	(1,879,900)
Vehicles	(2,357,146)	(130,816)	21,133	(2,466,829)
Equipment	(666,617)	(76,199)	-	(742,816)
Infrastructure	(4,301,326)	(195,605)	-	(4,496,931)
Total Accumulated Depreciation	<u>(9,123,589)</u>	<u>(484,020)</u>	<u>21,133</u>	<u>(9,586,476)</u>
Net Capital Assets Being Depreciated	<u>7,432,545</u>	<u>(363,572)</u>	<u>-</u>	<u>7,068,973</u>
Total Governmental Activities Capital Assets, Net of Accumulated Depreciation	<u>\$ 8,924,472</u>	<u>\$ (363,572)</u>	<u>\$ -</u>	<u>\$ 8,560,900</u>

VILLAGE OF BROADVIEW

NOTES TO FINANCIAL STATEMENTS

April 30, 2010

NOTE III - DETAILED NOTES ON ALL FUNDS (cont.)

C. CAPITAL ASSETS (cont.)

Depreciation expense was charged to functions as follows:

Governmental Activities

Administration	\$ 68,000
Public Safety	170,660
Highways and Streets	<u>245,360</u>
Total Governmental Activities Depreciation Expense	<u>\$ 484,020</u>

	Beginning Balance	Additions	Deletions	Ending Balance
Business-type Activities				
Capital assets not being depreciated				
Land	\$ 68,195	\$ -	\$ -	\$ 68,195
Total Capital Assets Not Being Depreciated	<u>68,195</u>	<u>-</u>	<u>-</u>	<u>68,195</u>
Capital assets being depreciated				
Buildings	16,885	-	-	16,885
Equipment	632,645	3,055	-	635,700
Infrastructure	<u>8,715,717</u>	<u>398,683</u>	<u>-</u>	<u>9,114,400</u>
Total Capital Assets Being Depreciated	<u>9,365,247</u>	<u>401,738</u>	<u>-</u>	<u>9,766,985</u>
Total Capital Assets	<u>9,433,442</u>	<u>401,738</u>	<u>-</u>	<u>9,835,180</u>
Less: Accumulated depreciation for				
Buildings	(16,885)	-	-	(16,885)
Equipment	(339,847)	(7,487)	-	(347,334)
Infrastructure	<u>(4,267,560)</u>	<u>(245,837)</u>	<u>-</u>	<u>(4,513,397)</u>
Total Accumulated Depreciation	<u>(4,624,292)</u>	<u>(253,324)</u>	<u>-</u>	<u>(4,877,616)</u>
Net Capital Assets Being Depreciated	<u>4,740,955</u>	<u>148,414</u>	<u>-</u>	<u>4,889,369</u>
Business-type Capital Assets, Net of Accumulated Depreciation	<u>\$ 4,809,150</u>	<u>\$ 148,414</u>	<u>\$ -</u>	<u>\$ 4,957,564</u>

VILLAGE OF BROADVIEW

NOTES TO FINANCIAL STATEMENTS

April 30, 2010

NOTE III - DETAILED NOTES ON ALL FUNDS (cont.)

C. CAPITAL ASSETS (cont.)

Business-type Activities

Depreciation expense was charged to functions as follows:

Business-type Activities

Water and Sewerage	\$ <u>253,324</u>
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Total Business-type Activities Depreciation Expense	\$ <u><u>253,324</u></u>
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D. INTERFUND RECEIVABLES/PAYABLES, ADVANCES AND TRANSFERS

Interfund Receivables/Payables

The following is a schedule of interfund receivables and payables including any overdrafts on pooled cash and investment accounts:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General	Nonmajor	\$ <u>91,159</u>
Total - Fund Financial Statements		<u>91,159</u>
Less: Fund eliminations		<u>(91,159)</u>
Total Internal Balances - Government-Wide Statement of Net Assets		\$ <u><u>-</u></u>

All amounts are due within one year.

The principal purpose of these interfunds is because of shortfall in respective funds thus creating short-term interfund loans.

For the statement of net assets, interfund balances which are owed within the governmental activities or business-type activities are netted and eliminated.

VILLAGE OF BROADVIEW

NOTES TO FINANCIAL STATEMENTS

April 30, 2010

NOTE III - DETAILED NOTES ON ALL FUNDS (cont.)

D. INTERFUND RECEIVABLES/PAYABLES, ADVANCES AND TRANSFERS (cont.)

Advances

The following is a schedule of interfund advances:

Receivable Fund	Payable Fund	Amount	Amount Not Due Within One Year
Capital Projects	General	\$ 5,300,000	\$ 5,300,000
Agency	General	300,000	300,000
General	Nonmajor	<u>48,808</u>	48,808
Total - Fund Financial Statements		5,648,808	
Less: Fund eliminations		(5,348,808)	
Less: Fiduciary fund eliminations (Due to agency fund)		<u>(300,000)</u>	
Total - Interfund Advances - Government-Wide Statement of Net Assets		<u>\$ -</u>	

The principal purpose of these interfunds is is because of a shortfall in respective funds thus creating long-term interfund loans.

For the statement of net assets, interfund advances which are owed within the governmental activities or business-type activities are netted and eliminated.

Transfers

The following is a schedule of interfund transfers:

Fund Transferred To	Fund Transferred From	Amount	Principal Purpose
Nonmajor	General	\$ 115,360	To fund operating deficits
Debt Service	Nonmajor	<u>190,045</u>	To fund debt service
Total - Fund Financial Statements		<u>305,405</u>	
Less: Fund eliminations		<u>(305,405)</u>	
Total Transfers - Government-Wide Statement of Activities		<u>\$ -</u>	

VILLAGE OF BROADVIEW

NOTES TO FINANCIAL STATEMENTS April 30, 2010

NOTE III - DETAILED NOTES ON ALL FUNDS (cont.)

D. INTERFUND RECEIVABLES/PAYABLES, ADVANCES AND TRANSFERS (cont.)

Transfers (cont.)

Generally, transfers are used to (1) move revenues from the fund that collects them to the fund that the budget requires to expend them, (2) move receipts restricted to debt service from the funds collecting the receipts to the debt service fund, and (3) use unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

For the statement of activities, interfund transfers within the governmental activities or business-type activities are netted and eliminated.

E. LONG-TERM OBLIGATIONS

Long-term obligations activity for the year ended April 30, 2010, was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance	Amounts Due Within One Year
Governmental Activities					
Bonds and Notes Payable					
General obligation debt	\$ 12,708,823	\$ 901,505	\$ 1,910,000	\$ 11,700,328	\$ 1,755,000
Tax increment financing bonds	23,220,000	-	2,190,000	21,030,000	2,305,000
Deferred refunding	(8,698)	-	(8,698)	-	-
Unamortized premium	97,793	-	12,483	85,310	-
Sub-totals	<u>36,017,918</u>	<u>901,505</u>	<u>4,103,785</u>	<u>32,815,638</u>	<u>4,060,000</u>
Other Liabilities					
Compensated absences	243,135	397,928	299,110	341,953	282,585
IEPA Brownfields revolving loan	118,954	-	-	118,954	-
Net OPEB Obligation	102,751	9,878	-	112,629	-
Net Pension Obligation	-	2,144,134	1,880,375	263,759	-
Total Other Liabilities	<u>464,840</u>	<u>2,551,940</u>	<u>2,179,485</u>	<u>837,295</u>	<u>282,585</u>
Total Governmental Activities Long-Term Liabilities	<u>\$ 36,482,758</u>	<u>\$ 3,453,445</u>	<u>\$ 6,283,270</u>	<u>\$ 33,652,933</u>	<u>\$ 4,342,585</u>
Business-type Activities					
Bonds and Notes Payable					
Revenue bonds	\$ 259,017	\$ -	\$ 83,286	\$ 175,731	\$ 86,302
Sub-totals	<u>259,017</u>	<u>-</u>	<u>83,286</u>	<u>175,731</u>	<u>86,302</u>
Other Liabilities					
Compensation absences- long term	-	5,795	5,795	-	-
Total Other Liabilities	<u>-</u>	<u>5,795</u>	<u>5,795</u>	<u>-</u>	<u>-</u>
Total Business-type Activities Long-Term Liabilities	<u>\$ 259,017</u>	<u>\$ 5,795</u>	<u>\$ 89,081</u>	<u>\$ 175,731</u>	<u>\$ 86,302</u>

The governmental activities obligations for compensated absences, the OPEB obligation and the Net Pension Obligation will be repaid from the General Fund.